RECEIVED
NOV 13 1996
Federal Communications Commission
Office of Secretary

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Billed Party Preference for	)	CC Docket No. 92-77
InterLATA 0+ Calls	)	

COMMENTS OF U S WEST, INC.

Kathryn M. Krause
Suite 700
1020 19th Street, N.W.
Washington, DC 20036
(303) 672-2859

Attorney for
U S WEST, Inc.

Of Counsel,
Dan L. Poole

November 13, 1996

TABLE OF CONTENTS

SUMMARY

Herein, U S WEST, Inc. ("U S WEST") responds to the Common Carrier Bureau's ("Bureau") recently-promulgated questions pertaining to price/rate disclosures on operator assisted 0+ interstate, interLATA calls. As discussed more fully in the text, U S WEST's operator-assisted calls comprise a tiny fraction of the calls being addressed by the Federal Communications Commission (specifically our interstate, intraLATA calls). Yet, our technology is not easily capable of engineering to take action only with respect to those limited calls. A federal Commission mandate in the area of affirmative price/rate disclosures potentially implicates all of the 0+ calls in U S WEST's territory.

U S WEST is opposed to mandated affirmative price/rate disclosures on all 0+ calls. As we demonstrated in earlier filed comments in this proceeding, the vast majority of the away-from-home calling public already knows how to exercise choice and control with respect to operator-assisted calling, often by restricting their calling practices to the utilization of carriers with whom they already have an existing business relationship. These customers do not experience price gouging.

It is only a small minority of calling customers who place operator-assisted calls who actually become victims to unreasonably high rates. And, those individuals currently ignore existing tools available to them which can provide them with rate information at the "point of purchase."

Rather than construct an entirely new regulatory model and increased regulatory mandates in the area of 0+ calling, U S WEST believes that the

Commission can best advance the public interest by taking a more active role in the area of enforcement and customer education. Those operator service providers ("OSP") charging unreasonably high rates should be required to defend those rates or face the regulatory consequences associated with violations of the Communications Act. An entire industry should not be burdened by additional regulatory mandates, mandates that will clearly carry a price tag, because of the bad acts of a small number of industry participants.

Furthermore, given that price/rate information is currently available to consumers making 0+ calls at the point of purchase, the Commission should engage in more aggressive market education in this area (perhaps through its Consumer Alert process). The Commission could initiate a consumer education campaign advising consumers that if they simply stay on the line after the branding announcement, they can secure price/rate information on the 0+ calls they make. Consumers not needing or wanting such information, of course, would be free to proceed with their dialing activity as swiftly as they chose. Such Commission initiative would capitalize on those current tools available for price/rate disclosures to that minority of callers who appear to continue to have difficulty in protecting themselves against unreasonably high prices.

While technology might hold some promise for additional disclosures at the payphone "point of purchase," that technology is being driven by market demand. That demand does not appear, at the moment, to be driving toward visible or audible price/rate disclosure information beyond the consumption of cash or values of debit cards. Currently, "smart" payphone technology reflects "decreased values" or "time remaining" information associated with cash/calling cards, but not "real-time," "on-demand" price/rate information for all 0+ calls. Nor is there any factual or logical basis on which to assume that "a wide spread demand for these services" will arise, given the minority of the calling population that experiences persistent problems with such calling.

Furthermore, the technology for "on demand call rating" information would require either that the information be housed in the payphone station or the network. Because the payphone station technology might well be constrained with respect to memory and capacity, the number of variables that could be included in a rate structure would be affected. This could well stifle creativity and innovation with respect to rate structures, not based on market drivers but regulatory mandates. While "network"-driven systems to provide call rating information might overcome the limited memory issue associated with premises equipment, such systems would also be more expensive to establish. Market-driven postalized rate structures, as well as consumer calling that takes place within the confines of existing relationships and price expectations, would predictably render such investment unrecoverable due to *di minimis* market demand.

For all of the above reasons, U S WEST encourages the Bureau to reject affirmative price/rate disclosures except in those circumstances where a customer stays on the line, after the branding announcement, and requests such information.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Billed Party Preference for InterLATA 0+ Calls	)	CC Docket No. 92-77
	)	

COMMENTS OF U S WEST, INC.

By Public Notice, dated October 10, 1996,[1] the Common Carrier Bureau ("Bureau") has posed a number of questions, the primary focus of which has to do with price/rate announcements by all providers of operators services on all interstate, interLATA 0+ calls. Below, to the best of our ability, U S WEST, Inc. (or "U S WEST")[2] responds to those questions. However, some introductory remarks are in order.

---

[1] Public Notice, Common Carrier Bureau Seeks Further Comment On Specific Questions In OSP Reform Rulemaking Proceeding, In the Matter of Billed Party Preference for InterLATA 0+ Calls, CC Docket No. 92-77, DA 96-1695, rel. Oct. 10, 1996.

[2] U S WEST, Inc. is the parent corporation for two groups: U S WEST Communications Group, Inc. ("U S WEST Communications Group") and U S WEST Media Group, Inc. ("Media Group"). U S WEST Communications Group includes U S WEST Communications, Inc. ("USWC") and the Media Group includes MediaOne, Inc. ("MediaOne"), a cable company that intends to offer telephony services, including operator services. The factual support included in these comments stems from the experience of USWC. However, the fundamental logical and legal propositions apply both to USWC and MediaOne (such as the geographically limited number of calls that will be interstate intraLATA in nature; the anticipated customer response to longer rate disclosure messages, etc.). Thus, these comments are styled as filed by U S WEST, Inc. In those circumstances where the information being conveyed pertains only to USWC, it is so noted.

I. RATE/PRICE ANNOUNCEMENTS ON ALL 0+ CALLS ARE NOT NECESSARY OR SUPPORTED BY CUSTOMER EXPECTATIONS, THE INSTANT RECORD OR COMMON SENSE

The instant round of questions posed by the Bureau is being conducted in a context that is perplexing. The original Billed Party Preference ("BPP") proposal was one that hard-wired customer choice with respect to 0+ calling to a database look-up solution.[3] That solution was correctly rejected, at least for the time being, by the Federal Communications Commission ("Commission") as incapable of adoption based on sound cost/benefit analyses.[4]

While the BPP/Line Information Database ("LIDB") proposal was still on the table, the Commission was presented with a Coalition Proposal which would have established a form of rate benchmark for operator service provider ("OSP")-handled calls. The Commission sought comment on the Coalition Proposal.[5] And, more

---

[3] See U S WEST Reply Comments, filed herein Sep. 14, 1994 at 4.

[4] In the Matter of Billed Party Preference for InterLATA 0+ Calls, Second Further Notice of Proposed Rulemaking, 11 FCC Rcd. 7274, 7277-78 ¶ 4 (1996) ("Second Further Notice").

[5] Also referred to as the "CompTel Proposal." This proposal was crafted by the Competitive Telecommunications Association, American Public Communications Council, Bell Atlantic, BellSouth Telecommunications, MFS Communications Company, Inc., NYNEX, Teleport Communications Group and U S WEST and was submitted to the Commission in an Ex Parte communications dated Mar. 8, 1995. The Commission sought public comment on this proposal in March, 1995. See Public Notice, Pleading Cycle Established For Comments On CompTel's Filing in CC Docket No. 92-77 Proposing A Rate Ceiling On Operator Service Calls, 10 FCC Rcd. 5022 (1995).

recently, the Commission sought and received additional comment on not only the Coalition Proposal but proposals offered up by other commentors, as well.[6]

By the issuance of the Second Further Notice, the Commission was clearly focused on a remedy for a persistent problem in the area of operator servicing provisioning: high prices charged to a relatively small number of consumers engaged in away-from-home calling, i.e., calls which occur from public payphones as well as aggregator locations (such as hotels/motels, hospitals, universities). In that proceeding, U S WEST -- joined by many other commentors -- argued that the Commission should craft a remedy targeted and tailored to the specific problem.[7]

While certain commentors argued for broad-based industry mandates, such as price/rate announcements on all 0+ calls, such suggestions were clearly in the minority,[8] and were often supported by considerations more of a private, than a public, interest. Most commentors argued that a ubiquitous price/rate announcement would extend beyond any rational remedy necessary to deal with the statistically small number of customer complaints emanating from the marketplace.[9] Furthermore, commentors persuasively argued that such

---

[6] The Commission asked for further comment on certain of the specifics of the Coalition Proposal, as well as other alternative models/suggestions in its Second Further Notice.

[7] While there were certainly variations in the remedies proposed as "targeted," the vast majority of commentors argued that targeted action was the most appropriate.

[8] Broad, industry-wide applications were generally proposed as "alternative" solutions, if any segment of the OSP industry were unduly (or unlawfully) burdened by regulations.

[9] In our earlier-filed Reply Comments, we cited to representations of carriers quantifying the problem. See U S WEST Reply Comments, filed Aug. 16, 1996 at 2-

announcements were not needed to accommodate customer expectations and would only operate to increase the price of 0+ calls. The filed comments clearly demonstrated that price/rate announcements on all calls would not be in the public interest.

The current set of questions proposed by the Bureau suggests it has gone beyond inquiring into an appropriate "remedy" to deal with persistent -- but clearly marginal -- market dysfunction and is resurrecting a "total industry/total market" approach to the problem of price-gouging. Such an approach is simply not in the public interest.

Such an approach may or may not carry the same price tag as BPP. However, it clearly would burden an entire industry with additional -- totally unnecessary -- costs (as U S WEST explains more below). For the overwhelmingly vast majority of away-from-home callers, there would be no particular benefit, only cost recovery. The vast majority of such callers know how to place such calls without being "burned". Either they place their calls through carriers with whom they have existing business relationships as a result of other calling activity or they understand dial-around alternatives. Making available quoted "on-line" rating information to these callers would undoubtedly result in no actual conveyance of

---

3, n.5 ("U S WEST Reply Comments") (specifically we mentioned the Joint Comments of Cleartel Communications, Inc. and ConQuest Operator Services Corp.'s ("Cleartel/ConQuest") figure of 0.0005 of complaints (Cleartel/ConQuest, filed July 17, 1996 at 3-4); and Comments of U.S. Long Distance, Inc.'s ("USLD") figure of 0.00005% for complaints filed with the Commission against USLD (USLD, filed July 16, 1996 at 6-7).

information, as such callers would most likely begin inputting their calling card numbers or proceeding with their dialing pattern BEFORE any such rate information was conveyed.[10] Thus, the creation of price/rate announcements for these callers only adds to the price of the call, but would deliver no material information of interest to the caller.

Furthermore, those callers who do not know how to make such calls without incurring high charges currently ignore those tools already available to them to secure the necessary information and engage in responsible self-protection. Those existing tools are not difficult ones to use. They include signage on public telephones and in aggregator locations and simple, easy-to-read directions on how to call operators (or remain on the line) for rate information.[11]

The instant record does not support a contrary conclusion. The recited facts with respect to customer complaints do not demonstrate a systemic market or industry problem. What those facts do support is a persistent, marginal problem

[10] While U S WEST has no statistical data to support the following observation, from conversations with 0+ callers, there is a high percentage that begin the dialing patterns to complete 0+ calls even before the OSP identification is done, either immediately upon inputting the called-to number or upon hearing a familiar tone. They do not wait even for the "branding" identification of the OSP. These callers would undoubtedly continue to engage in this calling behavior, thereby routinely skipping any rate information.

[11] In USWC's territory, less that 1% of calls to our operators are for rate information, despite our clear signage. An example of such signage follows: "For rates or refunds dial 0+Area Code+Number and wait for Operator. Services on this instrument may be provided at rates that are higher than normal. You have the right to contact the operator for information regarding charges before placing your call. Instructions for reaching your preferred carrier are also available from the operator."

that can be characterized as being the responsibility not just of OSPs charging high prices but consumers failing to take any action to protect their own self interests.

To the extent that there are OSPs who do not currently comport their conduct to the statutory obligations of the Telecommunications Operator Consumer Services Improvement Act of 1990 ("TOCSIA"), the proper remedy is enforcement or targeted regulatory action, not broad-based, industry-burdening general rulemaking. The Coalition Proposal presented the Commission with just such a remedial approach. The Bureau should not pursue a model such as that suggested by its recently promulgated questions. That model is not in the public interest.

II. THE CURRENT PROCEEDING INVOLVES 0+ *INTERSTATE AND INTERLATA* CALLS. LOCAL EXCHANGE CARRIERS ("LEC") SHOULD BE EXEMPTED FROM ANY BROAD FEDERAL RATE/PRICE DISCLOSURE MANDATES BECAUSE THEIR CARRIAGE OF SUCH CALLS IS *DI MINIMIS*

As U S WEST has previously pointed out, the Commission's BPP docket pertains only to interstate and interLATA 0+ calls.[12] While U S WEST provides some operator services that are interstate in nature, they are intraLATA calls, not interLATA ones. While those interstate calls are certainly within the Commission's

[12] U S WEST Comments, filed July 17, 1996 at 2-3, n.5 ("U S WEST Comments"). There U S WEST noted the different ways in which the Commission described the subject matter of its rulemaking. As a general matter, the Commission failed to note that it was interstate interLATA calling that was the subject of the rulemaking. Compare the Bureau's Question 6, referring only to "interstate 0+ calls."

jurisdiction, they are clearly the overwhelming minority of calls handled by our operators.[13]

To the extent that the Commission adopts any ubiquitous rate/price disclosure, it should exempt LECs providing intraLATA interstate operator services from its requirements. Technology does not render it easy to comply with requirements pertaining to a portion of a LEC's business operations. Thus, the Commission should exempt those companies who provide only intraLATA interstate operator services from any mandates associated with price/rate disclosures, above and beyond those disclosures such companies currently provide or make available.[14]

III. ANSWERS TO THE QUESTIONS PROMULGATED BY THE BUREAU

In a number of the questions posed by the Bureau, it uses the term "on-demand call rating" information.[15] In other places, it makes reference to "price disclosure[s]."[16] These phrases may or may not be being used in a manner meant to reflect similar concepts. It is not clear.

The Bureau's failure to define exactly what it means by the above terms makes responding to its questions somewhat problematic. As U S WEST discussed in our earlier-filed comments, there are different ways of providing call rating or

[13] In 1995, the interstate operator services calls handled by USWC's Operator Services was 0.31% of the total operator services call volume.

[14] As demonstrated in note 11, supra., USWC already makes point-of-sale price/rate disclosure information available to calling parties who desire it; and our expectation is that we would continue to do so.

[15] See, e.g., Questions 2 and 5.

[16] See, e.g., Questions 1, 3, and 4.

pricing information on an operator-assisted call, ranging from an automated disclosure of "something" (e.g., first minute and subsequent minute information; average price information; maximum price information) associated with the branding tag line to some type of "real-time, rate table look up."[17]

The former is certainly easier and cheaper to deploy than the latter. However, creation of the former has the real potential to create regulatory (not market-driven) costs that must be recovered from uninterested consumers (i.e., all consumers are burdened by the cost recovery, not just those interested in receiving the information). And, as problematic from a market perspective is the fact that the disclosure of "average" or "maximum" price information would be the easiest, cheapest, and shortest information to deliver, but would be the most misleading to callers (particularly callers making local[18] or short-duration calls) and the most potentially depressive to a business' *bona fide* OSP operations.[19]

---

[17] U S WEST Comments at 9-11.

[18] A substantial number of consumers use operator-assisted calling to make local calls, when coins are not available to them. For example, 53.6% of USWC's operator-assisted calls are local in nature. Adding additional information about local calling rates would clearly add to the length of the message and would deliver immaterial information to many callers.

[19] For example, USWC's rates vary from state to state. In some states, they are somewhat postalized, but in other states they are not. Furthermore, the rates differ depending on the type of 0+ call: operator assisted/live; calling card (automated); billed-to-third and collect. To provide an "average," USWC (or other comparably-situated company) would have to do one of two things: (1) devise a separate message for each type of call (which would probably be impossible, since we would not always know the type of call by the dialed digits) and create a very lengthy message; or (2) create a "generic average" of all the types of calls and all the various rates. This would be true also with respect to "maximum" rate information, as well. The resulting "generic/averaged" information is certain to be misleading for a large number of calling parties, lacking as it does a particular context or reference to the

For all of these reasons, U S WEST supports the current capabilities available to consumers for price disclosures.[20] Information is available only to those who want it. The information is accurate with respect to the specific transaction in question. The industry is not burdened by unwarranted, and market unnecessary costs.

To the extent the Commission deems it necessary to go beyond the current state of market response, it must focus on the precise facts and behavior giving rise to the persistent customer victimization problem. That is, in certain cases when a consumer makes a 0+ call from a payphone, hotel/motel, etc., <u>and waits long enough to hear the branded name of the OSP</u>, the brand announcement may reveal that the OSP handling the consumer's call is unfamiliar to the consumer. This poses the possibility that the rate to be charged for the call may be higher than the consumer is accustomed to. In that specific factual situation, the consumer needs a simple, consistent, and unobtrusive way to confirm the rate before proceeding with the call. If the rate is acceptable, the call should proceed with the least disruption possible. If the rate is unacceptable, the caller may hang up without charge.

U S WEST believes that the consumer need described above would be met by requiring that when a consumer makes a 0+ call and, upon hearing the brand, determines that they would like to know the rate for the call, they would simply <u>do</u>

---

actual type of call they are making. To the extent the information is confusing or overstated, the consumer might hang up, depressing the overall call volumes realized by the OSP.

[20] <u>See</u> discussion above and our response to Question 1.

nothing but remain on the line. An operator would come on the line to provide rate information as requested.[21] If the rate were acceptable, the call would be completed without the consumer having to hang up and/or redial -- all at no higher a charge than if the customer had proceeded with the call without getting the rate information.

Such a process would be the simplest for the consumer, the least expensive for the carriers to implement and the most enforceable by the Commission. If the process was ubiquitous, consumers would no longer have to rely on varying procedures for obtaining rates or contend with missing or outdated placards.[22] And the same simple procedure could be put into operation at aggregator phones.

This process would also be the least disruptive to existing dialing patterns for the vast majority of 0+ calls where rate information is not desired. For example, it would not lengthen the duration of the audible brand or increase post-dial delay while rate information is extracted from a database even though it is not desired by the customer.

The biggest challenge would be informing consumers of the process. To facilitate this, the Commission could conduct a major press conference in connection

[21] The operator could take the calling card number, the collect information, or the third-number billing information in order to provide the requested information. And, features are available that would enable the operator to return the caller back to the brand announcement, enabling the caller to proceed with mechanized handling just as the caller would have had the caller not gotten the requested rate information.

[22] U S WEST complies, in a timely way, with all signage requirements imposed by law and the Commission. However, we are aware that not all payphone providers do so.

with the adoption of the order establishing the requirement, stressing the targeted nature of the model, as well as its ease of access and simplicity.[23]

To the extent that any ubiquitous price disclosures are mandated, however, U S WEST reiterates our position that the type of disclosure (first/subsequent minute, average or maximum) should be left up to the OSP. This is particularly important because of the increasing advancements in technology. An OSP might begin utilizing one type of price disclosure and, due to technological innovation, find that a different type becomes more cost efficient or market-friendly. OSPs should be permitted to retain some business prerogative with respect to how they communicate with their customers, even in the face of regulatory mandates.

QUESTION 1

Are there any industries in which price disclosure to consumers at the point of purchase is not the normal practice? If so, what are those industries and what are the particular circumstances surrounding the developments of those industries?

The Bureau's question presupposes, erroneously, two facts: First, that price disclosures to consumers at the point of purchase of operator-serviced 0+ calls are not currently available; Second, that there are fairly ubiquitous "transactional" point of purchase disclosures made to consumers.

[23] For example, the Commission could announce that, "As of [the prescribed implementation date] consumers making 0+ calls from aggregator phones will now have a simple, uniform and ubiquitous means for obtaining rate information in those instances where the audible brand indicates that the carrier handling the call is one that is unfamiliar to them. This will enable customers to avoid situations in which they unknowingly utilize a carrier whose rates are higher than those to which the customer is accustomed."

As discussed above, consumers of operator services already have the capability of securing "point of purchase" price disclosures. Consumers have several options which include (1) reviewing filed tariffs, where those are available;[24] (2) talking to an operator prior to making the call, inquiring as to the applicable rate information (this can often be done just by hitting "0"); (3) beginning the call dialing process (inputting the called-to number) and awaiting operator intervention to secure rate information;[25] or (4) calling the number posted on the telephone station to secure rate information. Furthermore, for some types of calling (primarily from advanced payphones, discussed below), there is also supporting technology to provide certain real-time pricing/consumption information. **All told, consumers of operator services probably have more capability of securing "point of purchase" information than do consumers of other utilities.**

Electric, gas and water utilities, certainly, do not provide "point of purchase" price disclosures. While a consumer might know, if they ever inquired or carefully perused their bills, the "price per watt" or "price per unit" of what they might be consuming at any point in time, most simply wait for their monthly bill to advise

---

[24] U S WEST is aware that not all OSPs file tariffs and that even with respect to those that do, not many consumers probably actually review them. Still, the law of tariffing is that tariffs are the traditional vehicle by which public utilities advise the public of prices; and those prices constitute not just the contract price for service but the only price lawfully permitted to be charged.

[25] For many OSPs, this is an option that currently exists. While current signage and OSP practice results in this option being disclosed and available, consumers' failure to read the signage or appreciate the option may render it underutilized. It is the option -- embellished and accompanied by aggressive consumer education -- that U S WEST proposes be the preferred regulatory option, as discussed above.

them of what they have consumed and how much they need to pay. There is certainly no voice that announces: "To run your air conditioner for the next ten minutes will cost you: (a) $1.00; (b) $.10 a minute; (c) an average of $3.00; or (d) a maximum of $4.00." Nor, for most homes, are American consumers educated by in-house meters of price/consumption.[26]

As a general matter, however, consumers are not disturbed by this arrangement, given the existing business relationship between themselves and the service provider. And, while it might be true that there is <u>no</u> existing business relationship between some away-from-home callers and the OSP they utilize, <u>for a substantial body of such callers</u>, the calls are placed through calling vehicles supplied by and supported by businesses with whom they do have existing business relationships.

Indeed, point of purchase price disclosures are generally not something associated with the provision of utility services. They are, rather, more generally associated with the sale of tangible, commodity goods in a merchandising, retail environment[27] or the provision of set services (labor + materials for installation and

[26] While there are "smart homes" that demonstrate cutting-edge technologies to support these types of consumer consumption behaviors, the technologies can certainly not be described as "mainstream." The deployment of such technologies might, in fact, become more ubiquitous in the future, as telecommunications/ cable/utility technologies converge and the television or personal computer screens become capable of displaying this type of information, should a consumer be interested in reviewing it. Even then, however, a consumer would probably have to take an affirmative action to review the information, as it would not "pop-up" with each power-up application of the equipment housing the information.

[27] Even here, point of sale disclosures are becoming more obfuscated. For example, many department stores "tag" clothing in a way where the actual purchase price is

repair, for example), often within the context of a fairly impersonal or *ad hoc* purchasing relationship.

In closing, there are certainly "point of purchase" price information vehicles currently available to consumers of operator services offerings. To the extent that consumers do not utilize these existing tools, there is no reasonable expectation that they would utilize "additional" ones. It is unreasonable to expect that a consumer who does not read signage or ask for price information now will stay on the line when making a 0+ call to listen to price information. And, even if they were inclined to do so, the fact that 100% of the calls would have to be made "price announcement-capable" to support less than 1%[28] of the calling public fails to equate with any reasonable cost/benefit analysis.

To the extent that the failure of consumers to use the existing tools for securing price/rate information is due to lack of knowledge or education, the key is to impart the knowledge and provide the education. The Commission can aid in the process by public pronouncements, such as that discussed above.

---

not obvious until scanned. Grocery stores no longer "stamp" goods with the price, requiring the consumer to find the "general price" disclosure somewhere on the shelf.

[28] A recent USWC study of 1996 data, based on operator-assisted calls, shows that .70% of those calls were to obtain rate information.

QUESTION 2

What kinds of technologies (including payphone equipment and associated software) are currently available to provide on-demand call rating information for calls from payphones, other aggregator locations, and phones in correctional institutions that are provided for use by inmates? Commenters should discuss the anticipated declining cost of these technologies, assuming a wide-spread demand for these services.

The kinds of technologies that U S WEST is generally aware of are confined to those situations where smart payphones contain a type of device that allows callers making certain types of calls (i.e., cash or telephone debit cards) to know that the monetary value of their cash deposit or debit card is being used up. This might be information presented as a diminishing "value" of the cash/card or as the "time" still available from the payment device, perhaps with a capability to insert money into the payphone station to increase the remaining available calling time or the value of the card.

We are unaware of any technologies that, at this time, provide "on-demand call rating," except with respect to coin calling.[29] Nor are we aware of any existing market demand that would produce anything akin to what the Bureau calls "a wide-spread demand for these services."

---

[29] The comments of the Intellicall Companies, filed July 17, 1996 at 6-10 and the American Public Communications Council, filed July 17, 1996 at 4-6 contain good descriptions of the workings of store-and-forward technologies in current pay stations that allow for rating information for coin calling. As those parties stress, the technology does not support this type of rating information for other-than-coin calling. Considerable expense would be involved in attempting to incorporate such features in the existing embedded base of such equipment, even assuming it could be done at all. Unless some kind of business decision has been made to "postalize" routes/rates, the complexity of the rating tables that would be required makes it unlikely that there would be an easy (or cheap) technological fix to this matter.

As discussed above, the vast majority of away-from-home callers complete calls through transactions involving businesses with whom they have an existing business relationship. This relationship produces sufficient comfort that their payment obligations will not go beyond their expectation ranges that "on-demand call rating information" is not deemed necessary now. Where broad demand would come from, then, is illusive.

QUESTION 3

Are there any telecommunications markets outside of the U.S. that already make use of price disclosure prior to call completion, for example, in the U.K.? If so, please provide the technological and financial details behind the implementation of these services and any indication as to the cost and benefits from the perspective of consumers.

From this question, it appears that the Bureau may know something about the provision of operator services in the U.K. that indicates ubiquitous price/rate disclosures are easy to implement or market-friendly. U S WEST has been unable to determine any facts that would support that proposition.

From the investigation we were able to do (primarily from employees who travel overseas with some regularity, including the U.K.), the technology in the U.K. with respect to price disclosures is similar to that discussed above with respect to smart-pay stations and cash/debit card calling. Beyond these technological innovations, we are unaware of any additional technologies supporting on-demand call rating information or price disclosures.

QUESTION 4

Some commenters have claimed that price disclosure prior to call completion would create an unacceptable delay to consumers. Are there any studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indications of consumer satisfaction or dissatisfaction with 0+ services provided in this fashion?

Certainly, if there were a regulatory mandate that on every operator assisted call (whether involving a live operator or an "express" mechanism, the latter being automated calling supported by calling cards, debit cards, etc.) a consumer was required to listen to a price disclosure, without any ability to bypass the disclosure, there would be delay added to the processing of the call. And, for those consumers who had no interest in the disclosure (either because of the existence of an existing business relationship or because of lack of concern about the identified carrier), the resulting delay would be deemed "unreasonable."

It is for that reason, that any price disclosure associated with the actual call placement would require an ability to bypass the disclosure. Theoretically, then, only those consumers actually interested in listening to the price disclosure would be impacted by the additional time (or "delay") involved.

And, it is precisely when one considers that the overwhelming majority of the away-from-home calling public would bypass the price disclosure, that one begins to appreciate the over-broad nature of industry/market-ubiquitous price disclosures. Those callers that are knowledgeable about away-from-home calling currently do place such calls without being victimized by bad-acting or price-gouging OSPs. It is only those that are not as knowledgeable, or who persist in not taking action to protect themselves, that need to be afforded protection. The scope and scale of that protection should be narrowly tailored to address the market problem. Ubiquitous price disclosures fail this test.

QUESTION 5

If some or all of embedded base equipment and software are incapable of providing audible notice to consumers for on-demand call rating, what time period would be reasonable for substituting equipment and software that is capable of doing so?

As mentioned above, certain commentors have already placed on the public record in this proceeding detailed information about the state of current "store-and-forward" payphone technology.[30] From U S WEST's own experience, the time from installation of such equipment to its removal is generally seven-to-ten years. Thus, if features or capabilities are added to such equipment during its productive life, retrofitting is required. Retrofitting, as the Commission is well aware, is a very expensive proposition.[31]

Furthermore, U S WEST fears that the kind of "on-demand" feature that the Bureau refers to would never be capable of being installed in telephone equipment, short of forced "postalization" of rates. That is, through regulatory mandates, that cannot possibly be implemented with multiple, complex rating tables, OSPs would be forced to postalize rates -- not because of any market driver or even good

[30] See note 29, above.

[31] See In the Matter of Access to Telecommunications Equipment and Services by Persons With Disabilities, Report and Order, 11 FCC Rcd. 8249, 8263 ¶¶ 29-30 (1996). And see Comments of the Equal Employment Advisory Council, CC Docket No. 87-124, filed Jan. 11, 1996 and Comments of the Food Marketing Institute, CC Docket No. 87-124, filed Jan. 11, 1996.

business acumen, but simply because it is technologically impossible to comply with the mandates absent such postalization.

While this might create a rating structure more familiar to calling parties, absent a strong record demonstration that the absence of such calling structure harms the public interest, the Commission should not "force" the structure indirectly through the process of regulation. Rate/price structures are a part of a business' strategic and market advantage.[32] Businesses should be free to innovate and experiment with such structures.[33] Furthermore, while it is easy to develop flexible and variable rate structures outside of station equipment (for example, a special rate for Mothers Day or associated with a sports event), it would not be easy to incorporate that rating information into the station or associate those rates quickly into announcements.

This leads us to one of our other significant concerns with the implications of the Bureau's questions, i.e., that they can be read to suggest or support a non-station or equipment solution, but rather a "network" solution (of an Advanced Intelligent Network ("AIN") database-type, for example). U S WEST sees no more cost/benefit support for a network solution of this type than we did for BPP. Again, the Commission is attempting to address a defined, but small, market problem.

---

[32] One need only look at Sprint's "$.10 a minute" advertising, and the competitive responses to it, to appreciate this fact.

[33] See, e.g., Comments of GTE Service Corporation, filed July 17, 1996 at 4; Comments of the Competitive Telecommunications Association, filed July 17, 1996 at 18.

Requiring broad, industry-wide burdens to solve the problem would be inappropriate.

QUESTION 6

What percentage of interstate 0+ calls do calls from correctional institutions constitute, both in quantity and dollar volume, over the last 5 years?

Since there is no major correctional facility located in any of the locations where USWC provides interstate intraLATA service, we are unable to obtain this information. Any USWC-carried interstate intraLATA calls would come from a small jail from an occasional prisoner. The numbers are too small to capture.

QUESTION 7

What effects, if any, will the recent Report and Order in *In the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

The above-referenced proceeding manifestly will allow OSPs to recover more of their costs from a broader source of revenue sources than existed prior to the issuance of the Order. As U S WEST suggested in our earlier-filed comments, to the extent that OSPs receive revenues from carriers for calls placed from their payphones on a fairly ubiquitous basis, their need to recover all of their business expenses through rates to end users should decrease.[34] In turn, the rates to end users would be expected to decrease.

[34] U S WEST Reply Comments at 3.